



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

July 16, 2001

Mike A. Stevenson, Sr. Geologist
Canyon Fuel Company, LLC
Dugout Canyon Mines
P.O. Box 1029
Wellington, UT 84542

Fax PFD

Re: NOI to conduct coal exploration; ML 48435-Coal; DOGM Ex01B/C 

Dear Mr. Stevenson,

I am in receipt of a copy of Canyon Fuel Company's notice of intention to conduct minor coal exploration in the Dugout and Pace Canyon areas, Carbon County, Utah, May 2001, as filed with the Utah Division of Oil, Gas & Mining. The notification includes a proposal to drill three core holes (DT-1, DT-2 and DT-3) upon trust coal lands leased by Canyon Fuel Company under ML 48435.

Said notification, including the surface owner agreement dated November, 1999, between Canyon Fuel Company and the Milton and Ardith Thayne Trust, satisfies the notification requirements of mineral lease ML 48435.

The Trust Lands Administration hereby requests that prior to the commencement of drilling operations Lessee submit a surety bond to cover plugging of the proposed drill holes. The bond must be issued using the Bond of Lessee form enclosed herewith. The amount of the bond shall be \$25,000.00.

Also prior to the commencement of drilling operations, Lessee must notify the Utah Division of Oil, Gas & Mining and receive a coal exploration permit.

Please contact me if you have any questions.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Pam Grubaugh-Littig ✓